

RESERVE BANK OF FIJI

PRESS RELEASE



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MONETARY POLICY STANCE REMAINS UNCHANGED

The Reserve Bank of Fiji Board in its meeting of 26 April 2018, has agreed to maintain the Overnight Policy Rate unchanged at 0.5 percent.

In conveying the decision, Governor and Chairman of the Board Mr Ariff Ali, stated that “production levels in the forestry and mining sectors noted a turnaround in the first quarter of 2018.” Mr Ali added that “domestic demand remains firm as reflected by buoyant tax collections, rising bank lending, and optimism revealed in the most recent retail and business expectations surveys.” However, the recent spate of natural disasters poses a drag on growth in 2018, particularly in the agriculture sector.

On the global economy, Mr Ali stated that the higher annual growth projection for 2018 and 2019 by the International Monetary Fund augurs well for Fiji’s export and tourism sectors, and remittances. Nevertheless, the associated general upswing in commodity prices together with the trade tension between the United States and China, could pose downside risks to the Fijian economy going forward.

Despite these recent developments, the outlook for the Reserve Bank’s twin monetary policy objectives remains intact. While supply-side setbacks are expected to raise prices of agricultural produce in the coming months from the current inflation outcome of 2.6 percent in March, inflationary pressures are expected to subside by year end. Foreign reserves remain adequate at \$2,180.7 million as at 26 April 2018, sufficient to cover 5.0 months of retained imports of goods and non-factor services.

Mr Ali concluded that the current accommodative monetary policy stance is supportive of the rehabilitation efforts post Tropical Cyclone Josie and Keni. Going forward, the Reserve Bank will continue to closely monitor risks to its twin objectives and align monetary policy where appropriate.

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